

Chapter 2

Annual reports of agencies

2.1 The Committee selected the annual reports of the following bodies for closer examination:

Agriculture portfolio

- Department of Agriculture;
- Australian Fisheries Management Authority; and
- Murray-Darling Basin Authority.

Infrastructure portfolio

- Australian Rail Track Corporation;
- Civil Aviation Safety Authority; and
- Australian Maritime Safety Authority.

Department of Agriculture

2.2 The 2018–19 Annual Report of the Department of Agriculture was tabled in the Senate on 14 October 2019. The report provides an overview of the activities and achievements of the department over the previous year.

Secretary's review

2.3 The Secretary, Mr Daryl Quinlivan, identified the department's key achievements and obstacles, including:

- the continuing drought conditions across New South Wales and Queensland;
- the damage caused by severe flooding in Queensland, resulting in the loss of more than half a million livestock;
- progress in implementing the recommendations of the Moss Review into live exports; and
- the suspension of sheep exports to the Middle East on animal welfare grounds.

2.4 Mr Quinlivan also acknowledges that this is the first annual report that will reflect on the new strategic framework introduced in the *Corporate Plan 2018–19*.¹

Purpose, strategic objectives and performance

2.5 The department identifies its purpose as follows:

We work with national and international governments and industry to grow the value of agricultural trade and reduce risk to the agricultural sector.²

1 Department of Agriculture, *Annual Report 2018–19*, pp. 5–6.

2 Department of Agriculture, *Annual Report 2018–19*, p. 3.

2.6 The department has three outcomes to achieve this purpose:

- more sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets;
- safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk management, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries; and
- improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.³

2.7 The outcomes are intended to be delivered through six broad functions to provide the most effective support to industries, businesses and stakeholders.

Function 1: Regulation and service delivery

2.8 The department measures its performance under this strategic objective through four performance criteria. Of these, three were achieved and one was partially achieved.

2.9 Biosecurity screening compliance rates for air passengers remained steady during the reporting period at 97 per cent. The high compliance percentage suggests that pre-screening interventions have been effective. These interventions include the 'Don't be sorry, just declare it' campaign and air traveller profiling for high-risk goods.⁴

2.10 The department aims to ensure the humane treatment of Australian livestock exports through compliance with the Exporter Supply Chain Assurance System. In 2018–19 there were 45 completed investigations into regulatory infringements. According to the department, these investigations resulted in the removal of facilities from approved supply chains, additional independent audits and additional conditions applied to exports approvals.⁵

2.11 In January 2018 the department increased its use of enforcement actions in response to suppliers who do not meet the Water Efficiency Labelling and Standards requirements. Compliance activities were primarily focussed on internet based sales. Non-compliance was addressed through direct contact to educate suppliers about the scheme and escalated further if non-compliance continued. The department claims this

3 Department of Agriculture, *Annual Report 2018–19*, p. 3.

4 Department of Agriculture, *Annual Report 2018–19*, p. 21.

5 Department of Agriculture, *Annual Report 2018–19*, p. 22.

escalated approach resulted in a 94 per cent compliance rate between 1 January 2018 and 30 June 2019.⁶

Function 2: Policy and programs

2.12 The department measures its performance under this strategic objective against two performance criteria. The criteria are, first, the effective development and delivery of programs to achieve policy directives and, second, that policy advice is evidence-based, practical and timely.⁷

2.13 Under this function the department is responsible for administering programs to implement the government's policies. They also undertake reviews to monitor the effect of these programs. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) reviewed 15 of these projects over a 20-year span and estimated the average return to be \$17 million per project. This is consistent with similar programs in Canada and the United States and spanned industries including cereals, horticulture crops and fodder for the dairy industry.⁸

2.14 In 2019, ABARES reviewed the Assistance Grants–Access to Industry Priority Uses of Agvet Chemicals Grants Program. The program has funded 149 grants since 2015–16 to provide farmers with access to chemicals for minor use.⁹

Function 3: Trade and market access

2.15 The department measures its performance under this strategic objective against one performance criterion which is to increase access to overseas markets and generate more export opportunities for Australian primary producers. This was reported as achieved.¹⁰

2.16 Some of the key measures under this function include:

- access to twelve new markets, including an import conditions agreement for Australian almonds to Chile and walnuts to India;
- improved access arrangements to seventeen markets, including the approval of an irradiation pathway for persimmons to Thailand;
- maintained access arrangements for five commodities; and
- restored access for six markets, notably a recommencement of trade for Australian strawberries with the United Arab Emirates and Kuwait.¹¹

2.17 According to the department, of particular note was the boost to Australian walnut exports as a result of gaining market access to India. This came as a result of

6 Department of Agriculture, *Annual Report 2018–19*, pp. 23–24.

7 Department of Agriculture, *Annual Report 2018–19*, p. 29.

8 Department of Agriculture, *Annual Report 2018–19*, p. 29.

9 Department of Agriculture, *Annual Report 2018–19*, p. 29.

10 Department of Agriculture, *Annual Report 2018–19*, p. 30.

11 Department of Agriculture, *Annual Report 2018–19*, p. 31.

Horticulture Innovation Australia's identification of walnuts as a priority export. Australia exported more than \$22.5 million worth of walnuts during the reporting period.¹²

Function 4: Research and innovation

2.18 The department measures its performance under this function against three performance criteria. Of these, two were reportedly achieved and the final one was on track.¹³

2.19 In 2018–19 the department disbursed \$529.02 million to fund rural research and development. This was an increase of \$5.04 million on the previous reporting period. The increase has been mainly attributed to increased effort in agent management and targeted compliance activities.¹⁴

2.20 The department reported that it also drew on outcomes from the evaluation of the Rural Research and Development for Profit program to improve the implementation of the program. These improvements include:

- reviewing the design and assessment criteria of the grant guidelines;
- extending the application time to twelve weeks;
- reviewing reporting templates to build a knowledge base of success factors for collaboration, extension and adoption; and
- increasing the emphasis on outlining pathways for the adoption of research.¹⁵

Function 5: Enterprise-wide enabling services

2.21 There are four performance criteria under this function relating primarily to maintaining a professional and safe workforce and balancing the budget.

2.22 According to the department, significant progress was made in the implementation of the *Growing Reconciliation: Reconciliation Action Plan 2017–19* (RAP). Under the RAP, the department established the Executive Leadership Group for Indigenous Matters (ELGIM). The ELGIM ensures that work practices, policy and program work take into account and promote positive indigenous outcomes.¹⁶

2.23 Further efforts to promote indigenous inclusion include:

- the enrolment of six indigenous staff in the Milparanga Leadership program;
- departmental support for an indigenous officer to undertake the Pat Turner Postgraduate Coursework Scholarship at the Australian National University;

12 Department of Agriculture, *Annual Report 2018–19*, p. 31.

13 Department of Agriculture, *Annual Report 2018–19*, pp. 32–34.

14 Department of Agriculture, *Annual Report 2018–19*, p. 32.

15 Department of Agriculture, *Annual Report 2018–19*, p. 32.

16 Department of Agriculture, *Annual Report 2018–19*, p. 37.

- a goal to increase Aboriginal and Torres Strait Islander staff representation to 4 per cent by the end of 2020; and
- the introduction of indigenous language training for staff.¹⁷

2.24 Notifiable workplace incidents, defined as the death of a worker or serious injury or illness requiring immediate treatment at a hospital, declined significantly during the reporting period from 2.53 per 1,000 employees to 1.60. Comcare also completed an assessment of the department's WHS management system and awarded a conformance result of 90 per cent.¹⁸

Function 6: Forecasting and strategic intelligence

2.25 The one performance criterion for this function – fit for purpose economic and scientific modelling – was reportedly achieved.¹⁹

2.26 In 2019, ABARES analysed the performance of its agricultural forecasts from 2000–01 to 2017–18. The analysis showed an average error of:

- eleven per cent for winter crop production;
- two per cent for total meat production;
- ten per cent for global indicator prices averaged across major commodities;
- six per cent for the total value of agricultural exports; and
- fifteen per cent for export volumes averaged across major commodities.

2.27 The department reported that these results show an accuracy that is well within global standards for a public sector forecasting agency.²⁰

Freedom of information requests

2.28 In 2018–19, the department received 117 requests for access under the *Freedom of Information Act* (FOI Act), eight requests for internal review, and four requests for external review. The department finalised 117 requests and seven internal reviews.²¹

Staffing information

2.29 The department has 4,494 ongoing staff and 542 non-ongoing staff engaged across all states and territories, and internationally. Over 51 per cent of staff are women; 2 per cent are Aboriginal and Torres Strait Islander; 2 per cent identify as having a disability; and 6 per cent are from non-English speaking backgrounds.²²

17 Department of Agriculture, *Annual Report 2018–19*, p. 38.

18 Department of Agriculture, *Annual Report 2018–19*, p. 40.

19 Department of Agriculture, *Annual Report 2018–19*, p. 41.

20 Department of Agriculture, *Annual Report 2018–19*, p. 42.

21 Department of Agriculture, *Annual Report 2018–19*, p. 68.

22 Department of Agriculture, *Annual Report 2018–19*, pp. ii, 94.

2.30 The separation rate from the department was 9.1 per cent, an increase of 0.6 per cent from 2017–18. The department also saw an increase in the unscheduled absence rate to 14.4 full-time equivalent (FTE) days for 2018–19. This compares to 14. FTE for 2017–18.²³

Financial information

2.31 The department recorded a comprehensive loss of \$15.4 million in 2018–19 (compared to an \$8.1 million loss in 2017–18). Key financial details include:

- total expenses—\$847.7 million;
- total own-source income through sales of goods and rendering of services, interest, other revenue and gains—\$440.5 million; and
- total government revenue—\$391.8 million.

2.32 The department retains total equity of \$115.8 million.²⁴

Committee comments

2.33 The Committee considers the department's annual report to be compliant with reporting requirements.

Australian Fisheries Management Authority

2.34 The 2018–19 Annual Report of the Australian Fisheries Management Authority (AFMA) presented information on the operations and performance of the agency. The report was tabled in the Senate on 16 October 2019.

Chairman and Chief Executive Officer's review

2.35 The Chair, Ms Helen Kroger, and Chief Executive Officer, Mr Wez Norris, highlighted several aspects of AFMA's performance in managing Commonwealth fisheries, including:

- the release of the second edition of the *Commonwealth Fisheries Harvest Strategy Policy* and the *Commonwealth Fisheries Bycatch Policy*;
- the release of the 'Tom's Fisheye', a new bycatch reduction device;
- the release of new transshipping guidelines;
- a continuing downward trend in the apprehension of illegal fishing boats due to deterrence measures; and
- a new co-management arrangement with the South East Trawl Fishing Industry Association.²⁵

Goals and performance measurement

2.36 AFMA has a single outcome:

23 Department of Agriculture, *Annual Report 2018–19*, pp. 39–40.

24 Department of Agriculture, *Annual Report 2018–19*, pp. 138–139.

25 Australian Fisheries Management Authority, *Annual Report 2018–19*, pp. 7–12.

To maximise net economic returns to the Australian community through the ecologically sustainable development of Commonwealth fisheries.²⁶

2.37 With regard to this outcome, AFMA has established a performance framework consisting of four major elements measured against fourteen key performance indicators (KPIs). Of these KPIs, eleven were met, two were partially met and one was not met. The sole KPI not met related to a decline in the number of high-risk rated species from Ecological Risk Assessments. The actual number of high-risk rated species stood at 100, twelve short of the targeted total of 88.²⁷

Management of Commonwealth fisheries consistent with principles of ecological sustainable development

2.38 AFMA reported that it pursues the Commonwealth policy on sustainable fisheries in a way that is consistent with the principles of ecologically sustainable development and with regard to the structure and biological diversity of the ecosystem.²⁸

2.39 Towards this end, AFMA worked with a range of agencies on updating the *Commonwealth Fisheries Harvest Strategy Policy* and the *Commonwealth Fisheries Bycatch Policy* and their respective guidelines. Work is now being undertaken to implement changes to AFMA's management arrangements to reflect these revised policies.²⁹

2.40 AFMA undertakes ecological risk assessments in conjunction the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to assess the number of high risk species in its fisheries. Some of these assessments resulted in a large reduction of species identified. This was particularly the case in the Eastern Tuna and Billfish Fishery, where high risk species were reduced from seven to one, and the Small Pelagic (Mid Water Trawl) Fishery, now down to zero species from a previously identified eight. A further six assessments are due to commence during 2019–20.³⁰

2.41 For the sixth year in a row, AFMA reported that no stock managed by the authority was subject to overfishing. Additionally, bycatch was reduced significantly in five fisheries. These results were achieved through the introduction of Bycatch Reduction Devices and updated dolphin mitigation strategies.³¹

26 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 24.

27 Australian Fisheries Management Authority, *Annual Report 2018–19*, pp. 24–27.

28 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 27.

29 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 27.

30 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 28.

31 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 30.

Maximum net economic returns to the Australian community from the management of Commonwealth fisheries

2.42 The *Commonwealth Fisheries Harvest Strategy Policy* and Guidelines provide a framework for AFMA's fisheries. Through this framework, strategies are developed to guide the setting of total allowable catch limits.³²

2.43 The number of economically significant stocks with harvest strategy targets surpassed the target of fifteen. Additionally, a further seven stocks were assessed as not on target but trending towards it.³³

2.44 In order to implement strategies that ensure key commercial fish species are sustainably managed to maximise economic returns, the Authority reports that they have introduced mandatory reporting on quota Statutory Fishing Rights prices. The collection and publication of these prices will increase efficiency, lead to lower transaction costs and enable AFMA to better target the management of these species.³⁴

2.45 AFMA has also worked closely with the Northern Prawn Fishery Industry Group to develop biological and economic indicators to provide ample warning of conditions that may indicate the need for adjustment. These indicators can help inform stock assessments where changes in catch rates are not easily standardised.³⁵

Compliance with Commonwealth fisheries laws and policies and relevant international fishing obligations and standards

2.46 Non-compliance with AFMA's rules and regulations affects the value of Australia's fishing industry and can lead to the closure of fisheries as a result of depleting fish stocks. Reducing cost pressures on fishers while providing greater insight and accountability for stakeholders are key to AFMA's objective.³⁶

2.47 Domestically, AFMA encourages voluntary compliance rather than always taking enforcement action. They encourage this through communication and education programs, general deterrence, targeted risk and maintenance.³⁷

2.48 As part of their general deterrence program, fisheries officers undertook 231 port visits, 16 patrols to conduct 356 boat inspections and 146 fish receiver inspections during the reporting period. Nine surveillance flights were also conducted. This number of inspections was an increase of 63 per cent over the previous year and is largely attributed to the opening of the new office at Lakes Entrance. Of these

32 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 33.

33 Australian Fisheries Management Authority, *Annual Report 2018–19*, pp. 34–35.

34 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 35.

35 Australian Fisheries Management Authority, *Annual Report 2018–19*, pp. 35–36.

36 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 39.

37 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 38.

inspections, 89.6 per cent required no further action. This was just short of the voluntary compliance target of 90 per cent.³⁸

2.49 The targeted risk program focused on quota evasion, bycatch mishandling and failing to report interactions with protected species. There were nine recorded instances of non-reporting of threatened, endangered or protected species interactions. This exceeded the target of three. A further 30 detected matters were dealt with through education, caution, warning or referred to another agency for further action. AFMA will continue to reassess its strategies to improve reporting rates in 2019–20.³⁹

2.50 Similarly, there were thirteen recorded instances of bycatch mishandling. This continues a downward trend and is considerably lower than the 29 recorded in the previous year. However, it did exceed the target of ten and AFMA claims it will continue to reassess its strategies to improve reporting rates.⁴⁰

2.51 There was one domestic prosecution matter during the reporting year. The conviction for unlicensed fishing in the Torres Strait resulted in a \$1500 fine. There were also five Indonesian nationals prosecuted for illegal fishing in Australian waters resulting in penalties including good behavior bonds, monetary fines and terms of imprisonment.⁴¹

2.52 In 2018, AFMA began work with Vietnamese government officials to educate Vietnamese fishers on the risks associated with fishing in foreign waters. The authority reported that the workshops have been well received by participants. The incidence of Vietnamese vessels fishing illegally in Australian and Pacific Island waters has fallen dramatically in the last two years, with indications that the workshops were a strong contributor.⁴²

Deliver effective, cost efficient and accountable management of Commonwealth fisheries resources

2.53 AFMA aims to deliver value for money through systems that provide better valuation, pricing and incentive mechanisms. In order to achieve this, over 30 red tape reduction initiatives were implemented with over 20 more progressing. In 2019–20, AFMA will continue to pursue initiatives to reform the catch disposal records system, transfer NSW Southern Fish Trawl to Commonwealth management and streamline processes to support exploratory fishing.⁴³

2.54 AFMA claims to proactively engage with scientists, fishers, Federal and State governments and indigenous community members about their management of fisheries and compliance activities. In 2018–19 this included the production of videos

38 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 39.

39 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 40.

40 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 40.

41 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 41–42.

42 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 43.

43 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 49.

to better inform stakeholders of AFMA's role and responsibilities. Online apps and systems, port visits, public meetings and participation at the Australian Society for Fish Biology Conference also provided valuable opportunities for engagement.⁴⁴

Staffing information

2.55 Former Chief Executive Officer Dr James Findlay left AFMA during the reporting period to pursue other opportunities. Dr Findlay was replaced by Mr Norris.⁴⁵

2.56 AFMA has 171 employees: 149 ongoing and 22 non-ongoing. These numbers do not include seven employees on long-term leave. Employees are located as follows:

- Canberra (114);
- Darwin (22);
- Thursday Island (8);
- Lakes Entrance (7); and
- on commercial fishing vessels as field observers (20).⁴⁶

2.57 Of the authority's 171 staff: 70 are women; 25 have at least one parent from non-English speaking backgrounds (born in Australia and overseas); one identifies as having a disability; and eight are Aboriginal and Torres Strait Islander.⁴⁷

Financial information

2.58 AFMA reported a deficit of \$3.366 million for the reporting period, within the budgeted operating loss of \$3.62 million. The authority's total expenditure was \$40.6 million (against budget expenditure of \$40.7 million).⁴⁸

2.59 Employee expenditure was \$0.5 million lower than budgeted, mainly due to lower average staffing levels across the agency. However, supplier expenditure was \$0.8 million higher than budget, mainly due to higher consultancy and contractor costs to transition the financial management information system to the cloud.⁴⁹

2.60 Costs relating to the caretaking and disposal of illegal fishing vessels was \$0.8 million, well under the \$5.5 million budgeted. The lower costs were due to lower vessel apprehensions than budgeted.⁵⁰

44 Australian Fisheries Management Authority, *Annual Report 2018–19*, pp. 51–52.

45 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. iv.

46 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 119.

47 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 119.

48 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 130.

49 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 130.

50 Australian Fisheries Management Authority, *Annual Report 2018–19*, p. 130.

Committee comment

2.61 The committee notes that not all requirements under the PGPA Act were included in the compliance index. Although all requirements were met, PGPA Rules 17AD(e) and 17AD(da) were not included.

2.62 The Committee considers the AFMA report to be compliant with reporting requirements.

Murray-Darling Basin Authority

2.63 The 2018–19 Annual Report of the Murray-Darling Basin Authority (MDBA) contains a comprehensive account of the authority's activities. The report was tabled in the Senate on 11 November 2019.

Chief Executive's review

2.64 The Chief Executive, Mr Phillip Glyde, highlighted a number of notable achievements and concerns over the reporting period, including:

- the difficulties faced across the Basin due to drought and record summer heat;
- the completion of an independent review into the fish deaths near Menindee;
- a delay in the finalisation of water resource plans. These were due to be finalised at the end of 2019;
- support for an Independent Assessment of Social and Economic Conditions in the Murray Darling Basin to assess the status and development potential of Basin communities;
- the progress of the Aboriginal Water Entitlement Program and the National Cultural Flows Mapping Project to increase indigenous engagement; and
- the MDBA's continuing commitment to the implementation of the Basin Plan.⁵¹

Purpose, goals and performance measurement

2.65 The MDBA measures its performance against a single outcome:

Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through the development and implementation of a Basin Plan, operation of the River Murray system, and shared natural resource management programs, research information and advice.⁵²

2.66 To achieve this outcome, the MDBA outlined five strategic goals in the Corporate Plan 2018–19:

- drive the successful implementation of the Basin Plan;
- strengthen the culture of compliance in the Murray-Darling Basin;

51 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. vii–ix.

52 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 13.

- efficiently operate the River Murray system for partner governments;⁵³
- improve transparency and confidence in the Basin Plan, River Murray operations and the Murray-Darling Basin Authority; and
- be the centre of excellence in the science and knowledge of the Murray-Darling Basin.⁵⁴

2.67 Achievement of the MDBA's strategic goals is assessed through seven KPIs. The MDBA reported it had achieved all KPIs for the reporting period.⁵⁵

Strategic goal 1: Drive the successful implementation of the Basin Plan

2.68 During the year, the MDBA reported that maintaining and enhancing working arrangements with Basin governments was a key factor in the implementation of the Basin Plan. This was demonstrated through the development of a new schedule to the Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin to be considered by the Council of Australian Governments and the regular discussions with the states on the progress of Water Resource Plans (WRPs).⁵⁶

2.69 According to the MDBA, WRPs are an important aspect of implementing the Basin Plan. The plans are developed by state governments before being assessed by the MDBA and accredited by the Australian Government Minister responsible for water. All WRPs were due to be submitted for assessment by 28 February 2019. However, an extension was granted for some to be submitted by 31 December 2019. At the end of the reporting period there were 13 plans being assessed for accreditation while 20 remained outstanding and were due by the extension date.⁵⁷

2.70 The MDBA also began work on a Sustainable Diversion Limit (SDL) compliance database. SDLs are put in place to limit how much water can be used in the Murray-Darling Basin while leaving enough to sustain the environment.⁵⁸

2.71 Projects are currently underway to adjust the SDLs in the southern Basin as a means of achieving the same environmental outcomes with less water. The changes came as the result of a request from Basin governments. In February 2019, the MDBA published the first annual progress report on the changes and noted that while there had been some progress there was still substantial work to be done. The report particularly highlighted concerns regarding the Menindee Lakes Water Saving Project following fish death events.⁵⁹

53 Basin governments are the state governments of Queensland, New South Wales, Victoria, South Australia, and the Australian Capital Territory.

54 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 13.

55 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 13–19.

56 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 24.

57 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 26–28.

58 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 29–30.

59 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 30–31.

2.72 Constraints measures contribute to approximately one-third of the SDL adjustments. A work plan has been put in place to assist in coordinating the Basin states' progress. New South Wales, South Australia and Victoria have made gradual progress against the work plan milestones throughout the second half of 2018-19.⁶⁰

Strategic goal 2: Strengthen the culture of compliance in the Murray-Darling Basin

2.73 The MDBA works with state water agencies to monitor and enforce compliance with the *Water Act 2007* and the Basin Plan. This is to ensure that water users operate in accordance with their water licence and that take is within allowable limits.⁶¹

2.74 In June 2018 the Murray-Darling Basin Ministerial Council agreed to the Compliance Compact. The compact is a commitment by Basin governments to address serious issues with transparency and accountability, compliance and enforcement frameworks, metering and measurement, finalising WRPs and protecting environmental water. The Interim Assurance Report published by the MDBA in December 2018 found that the Basin governments had made considerable progress in a short amount of time but that some actions were not on track. These actions include accreditation of WRPs in all states and the commitments to a metering and measurement program in Queensland.⁶²

2.75 The Interim Assurance Report also found that, of 31 actions required, the MDBA had completed twenty, substantially completed five, progressed and was likely to complete two and made inadequate progress on four. The four areas identified as inadequate included scoping work for a Basin-wide system for real-time advice on environmental watering; developing guidelines for developing metering thresholds; a timetable for delivering a range of pattern approved meters; and a practice note on floodplain harvesting. The MDBA reports that it has made good progress in these areas since December 2018.⁶³

2.76 Auditing is a key tool for monitoring compliance with the Basin Plan. During the reporting period, four audits were undertaken and two reports were published online. The remaining reports will be published upon completion.⁶⁴

2.77 One of these published reports included a two-part audit with Deloitte to examine how well water price reporting for allocation and entitlement trade across the Basin states was operating. The first part of the audit conducted by the MDBA found evidence that the price data reported by each Basin state was inaccurate and incomplete. The second part of the audit conducted by Deloitte found a range of issues

60 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 33.

61 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 39.

62 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 41.

63 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 42.

64 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 43.

relating to confusion about the requirements and inconsistent approaches to reporting price.⁶⁵

2.78 The central finding of the audit was that Basin states do not have sufficient processes in place to capture and produce comprehensive and accurate price information. The recommendation was that the MDBA, Basin states and the Bureau of Meteorology work together to build a more effective governance framework to improve the water trade.⁶⁶

2.79 In 2019–20, the MDBA has reportedly prioritised the delivery of commitments under the Compliance Compact and improving the monitoring and measurement of water take and data collection. The compliance priorities include a focus on the areas of unmeasured take, metering coverage and reporting, SDL accounting, improving water trade markets and state compliance and enforcement arrangements.⁶⁷

Strategic goal 3: Operate the River Murray system for partner governments

2.80 Active storage of water at the beginning of the reporting period stood at 4,617 GL, approximately 470 GL below the long-term average for that time of year. By the end of May 2019, storage had decreased to 3,006 GL. This level is around 2,080 GL below the long-term average. The high demand for water was attributed to high water availability in Victoria and South Australia, available carryover and persistent hot and dry conditions.⁶⁸

2.81 The MDBA noted a number of achievements and highlights during the reporting period. Critical human water needs were met, as well as conveyance water needs to ensure sufficient flow in the river system.⁶⁹

2.82 Work progressed on the South Australian Riverland Floodplain Integrated Infrastructure Program (SARFIIP). A number of significant milestones were achieved including:

- commencement of construction of the Pike Floodplain Inundation Measures projects and the Katarapko Inundation Measures project;
- completion of construction of the first tranche of the Salinity Management Measures groundwater management scheme; and
- completion of design work and commencement of procurement of the final tranche of the Salinity Management Measures groundwater management scheme.⁷⁰

65 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 46–47.

66 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 47.

67 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 53.

68 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 60–61.

69 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 69.

70 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 70.

2.83 The MDBA carried out ongoing maintenance inspections at each of the major dams in accordance with guidelines issued by the Australian National Committee on Large Dams. Minor concerns were found in some locks and weirs and Lake Victoria. These will be investigated further.⁷¹

2.84 The MDBA anticipates that the next year will see the completion of construction on the Pike and Katarapko floodplains as part of the SARFIIP. Dam safety upgrades will take place at Lake Victoria and a new Aboriginal Heritage Impact Permit for the lake will be developed. Predicted dry conditions will require careful consideration of river management.⁷²

Strategic goal 4: Improve transparency and confidence in the Basin Plan, River Murray operations and the MDBA

2.85 In December 2018, the MDBA released its first annual report card. The report card was released after it became apparent through the fish deaths event and the drought that there was confusion in relation to the roles and responsibilities of the MDBA and Basin states.⁷³

2.86 The report card assessed six elements of the Basin plan. Two areas were found to have 'good progress' or better while another two were 'at risk of delay'.⁷⁴

2.87 The MDBA also furthered public engagement and consultation through a series of events and workshops including a schools program, two interactive apps, an exhibition at Questacon and a partnership with the Atlas of Living Australia.⁷⁵

Strategic goal 5: Be the centre of excellence in the science and knowledge of the Murray-Darling Basin

2.88 Some highlights under this strategic goal included the review of the Basin-wide environmental watering strategy; the adoption of the Source Murray model by South Australia, Victoria and New South Wales for the purpose of water resource planning; the publication of the findings of an independent review of potential impacts of groundwater SDLs; and Basin Plan salinity targets and the achievement of salt export objectives.⁷⁶

2.89 The MDBA said in its report that it chose to conduct a thorough review of the Basin-wide environmental watering strategy but to stage the updates so that they inform the next two editions. As a result, the 2019 review will not make substantial

71 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 71–72.

72 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 83.

73 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 88.

74 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 89.

75 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 91–93.

76 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 97.

changes to the overarching goals. It will, however, highlight key issues to be considered when a full review is undertaken in 2022.⁷⁷

2.90 Updates for the 2019 strategy include reinforcing the importance of constraints relaxation, refining water management strategies to promote greater collaboration between water managers and a clearer explanation of how monitoring and reporting are undertaken in Basin Plan evaluations. The third edition of the strategy will be published in 2022 and will feature material changes.⁷⁸

2.91 The MDBA's First Nations Environmental Water Guidance Project started in 2018–19. The project aims to develop a defined methodology for First Nations' environmental water objectives to be incorporated in environmental water planning. Traditional owners were also involved in developing a business case for the Native Fish Management and Recovery Strategy and in revising the Basin-wide Watering Strategy.⁷⁹

Staffing information

2.92 The MDBA has 308 staff: 280 are ongoing and 28 were non-ongoing. Of these staff, 149 are women.⁸⁰

2.93 The reporting period saw a continued focus on regional staffing. In 2017, the MDBA committed to moving 10 per cent of its staff to regional locations. In early 2019 the agency achieved this goal. Employees are located as follows:

- Canberra (280);
- Adelaide (11);
- Wodonga (10);
- Toowoomba (4); and
- Goondiwindi (3).

2.94 In March 2019 it was announced that approximately 103 MDBA positions would be located in regional areas by mid-2021. This will result in a further 76 positions being relocated away from Canberra. New offices will open in Griffith, Mildura and Murray Bridge.⁸¹

Financial information

2.95 The MDBA reported an operating surplus of \$23.3 million, noting that a significant portion of this will be carried over to the 2019-20 financial year to complete the projects already in progress. The surplus was mainly due to lower

77 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 100.

78 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 100–101.

79 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 107.

80 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 146.

81 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 153–154.

spending than anticipated on the Murray-Darling Basin Agreement programs and additional revenue received from Hydropower generation fees.⁸²

2.96 The Chief Finance Officer highlighted the following:

- total expenditure—\$177.2 million;
- contributions from jurisdictions—\$93.5 million;
- revenue from government—\$94.2 million; and
- other revenue (interest, rent, royalties, grants)—\$12.8 million.⁸³

2.97 The MDBA acts as an asset manager for key infrastructure assets throughout the Basin. This primarily comprises the River Murray Operations (RMO) assets, including the Hume and Dartmouth Dams, and the locks and weirs on the River Murray, with a written down value of \$2.6 billion. The MDBA also manages water entitlements worth \$667 million as part of the Living Murray Initiative (LMI) joint venture. These assets do not form part of the MDBA's general purpose financial statements and are instead reported separately in the RMO joint venture and LMI joint venture special purpose financial statements.⁸⁴

Committee comment

2.98 The Committee notes the lack of page numbers in the compliance index, making it difficult to check against the PGPA Act. The Committee encourages the use of page numbers in future reports.

2.99 The Committee considers the MDBA report to be compliant with reporting requirements.

Australian Rail Track Corporation

2.100 The 2019 Annual Report of the Australian Rail Track Corporation (ARTC) was tabled in the Senate on 11 November 2019. The report provides an overview of the activities and achievements of the corporation over the year.

Chairman and CEO's review

2.101 The Hon. Warren Truss AC, Chairman of the ARTC, and Mr John Fullerton, CEO and Managing Director of the ARTC, provided a review of the corporation's achievements over the reporting period including:

- an increase in efficiency and reliability on the Hunter Valley network leading to an increase in volume of coal transported to 161 million tonnes;
- the beginning of work on the first section of the Inland Rail project, from Parkes to Narromine;

82 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 156.

83 Murray-Darling Basin Authority, *Annual Report 2018–19*, pp. 157–158.

84 Murray-Darling Basin Authority, *Annual Report 2018–19*, p. 160.

- an increase in investments in existing networks including \$109 million of capital into the Hunter Valley network and \$198 million into the Interstate network; and
- achieving a lost time frequency injury rate of zero.⁸⁵

Notable projects

2.102 The ARTC provided highlights on three notable projects that are currently being undertaken.

Hunter Valley network

2.103 According to the ARTC report, highlights for the Hunter Valley network during the reporting period include:

- \$108 million in capital investment;
- 233 trains per day across the network; and
- 175 million total coal tonnes transported, including 161 million tonnes to the Port of Newcastle for export.⁸⁶

2.104 In 2019, the ARTC reported that they centralised responsibilities for planning, scheduling and coordinating train paths and track work across the network. This centralisation of responsibilities was designed to free up more time for track work while still retaining the ability to move passengers and coal. Additionally, a high-speed ultrasonic track testing vehicle has been introduced that gives the capacity to test the condition of rail more quickly and without closing sections of the track.⁸⁷

2.105 The ARTC worked with the CSIRO to deliver the first report of a study into ways that rail and road can work together to increase the competitiveness of agriculture in north-west NSW. The report identified potential cost savings of \$60 million per year from improving the coordination of freight movements and infrastructure investment.⁸⁸

Interstate network

2.106 Highlights for the Interstate network during the reporting period include:

- \$198 million in capital investment;
- 213 trains operating per day across the network; and
- \$55 billion of non-coal Gross Tonne Kilometres transported on the network.⁸⁹

2.107 The ARTC have undertaken a number of activities in an effort to drive business growth. Some of these measures include the development of regional hubs,

85 Australian Rail Track Corporation, *Annual Report 2019*, pp. 6–7.

86 Australian Rail Track Corporation, *Annual Report 2019*, p. 15.

87 Australian Rail Track Corporation, *Annual Report 2019*, pp. 11–12.

88 Australian Rail Track Corporation, *Annual Report 2019*, p. 12.

89 Australian Rail Track Corporation, *Annual Report 2019*, p. 20.

planning and operational advice to the Port of Melbourne, working with the cotton industry to ensure that more cotton is transported by rail and the provision of rail logistics solutions for new mining companies.⁹⁰

2.108 Projects have also been undertaken to upgrade and improve the Interstate network. Key projects that have been progressed or completed include the Tarcoola rail upgrade, Port Botany track upgrade and duplication, the Goulburn to Sydney re-rail project and the North East Rail Line between Melbourne and Albury.⁹¹

Inland Rail

2.109 On 13 December 2018, construction began on the first of 13 component projects that make up the Inland Rail. The first project – from Parkes to Narromine – has involved removing 27 kilometres of old rail, completing earthworks to build the new base and establishing site compounds at Parkes and Peak Hill.

2.110 Design and pre-construction work also progressed for other components. The preliminary design for the Condamine floodplain crossing was released after community consultation. Also, negotiations on timeframes and forward approval pathways for the Gowrie to Helidon and Helidon to Calvert projects were undertaken.⁹²

2.111 Agreements with State Governments and landholders required to facilitate construction of the Inland Rail continue to be negotiated. Bilateral agreements have been reached with the governments of Victoria and New South Wales. However, at the time of reporting, an agreement with Queensland had yet to be finalised. A land acquisition protocol has been secured with Transport for NSW to facilitate future land acquisitions. At the conclusion of the reporting period, 1,191 land access agreements with landholders were required with 963 in place.⁹³

2.112 Six additional Community Consultation Committees were established, bringing the total to ten. The new committees cover the Narromine to Narrabri, Illabo to Stockinbingal, North Star to Border, Kagaru to Acacia Ridge and Bromelton projects. Individual briefings with landowners have also taken place for the greenfield sections of the line, including the Narromine to Narrabri and Illabo to Stockinbingal projects. These consultations will continue.⁹⁴

Staffing information

2.113 At the end of the reporting period, ARTC had 1557 staff, an increase of 169 from the previous year. Of these, 26 per cent are women and 2.4 per cent identify as indigenous.⁹⁵

90 Australian Rail Track Corporation, *Annual Report 2019*, p. 17.

91 Australian Rail Track Corporation, *Annual Report 2019*, p. 18.

92 Australian Rail Track Corporation, *Annual Report 2019*, p. 22.

93 Australian Rail Track Corporation, *Annual Report 2019*, pp. 23–24.

94 Australian Rail Track Corporation, *Annual Report 2019*, p. 25.

95 Australian Rail Track Corporation, *Annual Report 2019*, pp. 32, 37.

Financial information

2.114 The ARTC reported a net loss of \$448.39 million. This is made up of \$847.71 million in revenue and \$1,296.1 million in expenditure, including taxes and finance costs.⁹⁶

2.115 The increase in expenditure can be attributed primarily to impairment expenses of \$450.7 million. Of this, \$287.9 million relates to the Interstate Business Unit (up from \$9.5 million in 2018) and \$158.4 million relates to the Inland Rail project (up from \$10 million in 2018).⁹⁷

2.116 The ARTC attributes the expenditure in the Interstate Business Unit to a downward revaluation of the Unit's assets. This revaluation followed from the withdrawal of a key rail operator from the intermodal market, apparently resulting in the consolidation of services across the Unit and a reduction in long-term cash flow forecasts.⁹⁸

2.117 The ARTC's Directors Report provided no explanation for the increase in impairment expenditure for the Inland Rail project. However, it was noted that the Inland Rail project is primarily funded by the Commonwealth Government grant and equity contributions to ARTC in accordance with the pre-existing project agreements.⁹⁹

Committee comment

2.118 The ARTCs compliance index was vague and contained no reference to the PGPA Act reporting requirements. The index was published alphabetically with no reference to PGPA Rules and was therefore difficult to interpret. The Committee encourages the ARTC to provide a clearer index in future reports.

2.119 The reports and financial statements are treated separately as an appendix to the report. In addition to the issues raised in the paragraphs above, there are no continuous page numbers or single contents page for the entire report, making it difficult to navigate. The Committee encourages the ARTC to provide a single consolidated report in future.

2.120 The committee considers ARTC's annual report to be compliant with reporting requirements.

Civil Aviation Safety Authority

2.121 The 2018–19 Annual Report of the Civil Aviation Safety Authority (CASA) was tabled in the Senate on 11 November 2019. The report provides an overview of the activities and achievements of the authority over the previous year.

96 Australian Rail Track Corporation, *Annual Report 2019*, Appendix A, p. 24.

97 Australian Rail Track Corporation, *Annual Report 2019*, p. 9.

98 Australian Rail Track Corporation, *Annual Report 2019*, Appendix A, p. 7.

99 Australian Rail Track Corporation, *Annual Report 2019*, Appendix A, p. 6.

Director's review

2.122 Mr Shane Carmody, Director of Aviation Safety and Chief Executive Officer of CASA, provided a review of the agency's notable achievements and challenges over the reporting period including:

- making the six operational parts of the Civil Aviation Safety Regulations (CASR). This work commenced in 1999 to not only consolidate existing flight operations rules but also deliver safety improvements in line with international best practice;
- the suspension of Boeing 737-8 MAX aircraft from operating in Australia due to safety concerns;
- the creation of the online myCASA portal; and
- the approval of the first commercial drone delivery service in the world.¹⁰⁰

2.123 Mr Carmody also outlined outcomes that were not achieved. He noted that there were delays to the remotely piloted aircraft systems roadmap originally due in 2018–19 due to a whole-of-government policy review. This is now expected to be completed in 2019–20.¹⁰¹

Corporate Plan objectives

2.124 CASA measures its performance against three detailed objectives as set out in its *Corporate Plan 2018–19 to 2021–22*. Of the 30 intended outcomes set for the agency's three objectives, 25 were assessed as completed or on track, three were substantially completed and two were delayed.¹⁰²

Goal One: Maintain and enhance a fair, effective and efficient aviation safety regulation system

2.125 According to its report, CASA focusses its efforts under this goal on maintaining, enhancing and promoting aviation safety. Of the 17 intended outcomes against this goal, 13 were assessed as completed or on track, three were substantially completed and one was delayed.¹⁰³

2.126 Flight operations regulations were made on 6 December 2018 and will come into effect in March 2021. CASA also updated the flight crew fatigue rules following an independent review. At the time of reporting, the new rules were expected to be made in July 2019.

2.127 CASA claims to have exceeded its surveillance goals for the reporting period under the National Surveillance Selection Process, achieving 98 per cent of scheduled surveillance against a target of 90 per cent. Additionally, the National Surveillance Selection Process Manual (version one) and the CASA Surveillance Manual (version

100 Civil Aviation Safety Authority, *Annual Report 2018–19*, pp. 14–16.

101 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 16.

102 Civil Aviation Safety Authority, *Annual Report 2018–19*, pp. 50–67.

103 Civil Aviation Safety Authority, *Annual Report 2018–19*, pp. 50–55.

four) were published in May 2019 and incorporate various continual improvement activities.¹⁰⁴

2.128 Looking ahead, CASA will aim to establish an arrangement with the Civil Aviation Authority of New Zealand for a reciprocal recognition of design and certification approvals in an effort to reduce the burden of regulatory duplication on CASA and the aviation industry.¹⁰⁵

Goal Two: Collaborative engagement with the wider aviation community to promote and support a positive safety culture

2.129 CASA aims to maintain a constructive relationship with other Commonwealth departments and promote effective consultation with the wider aviation community. All eight intended outcomes against this goal were completed or on track.¹⁰⁶

2.130 CASA has reported a number of achievements in maintaining and enhancing stakeholder relationships including:

- signing a new memorandum of understanding with the Civil Aviation Authority of New Zealand;
- the election of CASA's Chief Executive Officer and Director of Aviation Safety to chair the Regional Aviation Safety Group – Asia and Pacific Regions for three years; and
- the signing of a working arrangement between CASA and the Pacific Aviation Safety Office for provision of technical assistance.

2.131 CASA conducted 221 aviation safety seminars, engineering safety seminars and instructor safety workshops around Australia. These workshops reached over 8,500 people and are designed to educate engineers and pilots on subjects including decision making, threat and error management, regulatory changes and licensing privileges.¹⁰⁷

Goal Three: Continuous improvement of organisational performance

2.132 According to the report, CASA seeks to continually improve its operational activities and other support functions. Of the five intended outcomes against this goal, four were on track or completed and one had possible delays.¹⁰⁸

2.133 During the reporting period CASA finalised the CASA Cloud Strategy and Implementation Plan. This aligns CASA with the National Archives of Australia's Digital Continuity 2020 policy and the Digital Transformation Agency's cloud-first approach.

104 Civil Aviation Safety Authority, *Annual Report 2018–19*, pp. 50–54.

105 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 56.

106 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 57.

107 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 57.

108 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 64.

2.134 Work was undertaken on the myCASA portal, reducing average processing times from 24 days to approximately five minutes. CASA claims that the work will also enable simultaneous processing of multiple applications.¹⁰⁹

Staffing information

2.135 At the end of the reporting period, CASA had 859 staff. Of these, 310 are women; twelve are Aboriginal and Torres Strait Islander; 23 identify as having a disability; and 103 are from non-English speaking backgrounds.¹¹⁰

2.136 In 2018–19, the staff turnover rate was 6.9 per cent. This is a large decrease from the 2017–18 rate of 10.5 per cent.¹¹¹

2.137 CASA undertook a number of activities to support a diverse and inclusive workplace in 2018–19 including:

- appointing three executive managers as Executive Diversity Champions. These managers are comprised of an Indigenous Champion, a Disability Champion and a Gender Champion;
- offering cultural appreciation training delivered by National Indigenous Employment Solutions to provide greater appreciation of indigenous culture; and
- engaging an employee on a part-time basis through Koomari, an organisation that supports people with disability. The engagement was deemed a success for both CASA and the employee and raised awareness of working with people with Asperger syndrome.¹¹²

Financial information

2.138 CASA recorded an operating deficit of \$3.5 million in 2018–19, down from a \$0.5 million surplus the previous financial year. The difference of \$4.0 million reflects an increase in income of \$3.1 million and an increase in expenditure of \$7.1 million.¹¹³

2.139 The increase in income was due to one year of additional funding from government appropriations in relation to drones. The increase in expenditure was predominantly due to changes in employee expenses including an increase in the average staffing level from 799 to 806, an increase in salaries under the CASA Enterprise Agreement 2016–19 and increased expenses in consultancies and service contracts.¹¹⁴

109 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 64.

110 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 173.

111 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 92.

112 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 93.

113 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 20.

114 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 20.

2.140 The operating result is \$3.5 million less than the revised estimate published in the 2019–20 Portfolio Budget Statements. The variance is due primarily to the lower than expected aviation fuel excise income of \$1.9 million and lower than expected revenue from regulatory services and own source income.¹¹⁵

Committee comment

2.141 The Committee notes the lack of page numbers in the compliance index, making it difficult to check against the PGPA Act. The Committee encourages the use of page numbers in future reports.

2.142 Additionally, PGPA Rules 17BE(p), 17BE(q) and 17BE(r) were not in the sections referred to in the compliance index and were instead found in other parts of the report. More attention to detail is encouraged.

2.143 The committee considers CASA's annual report to be compliant with reporting requirements.

Australian Maritime Safety Authority

2.144 The 2018–19 Annual Report of the Australian Maritime Safety Authority (AMSA) was tabled in the Senate on 11 November 2019. The report details the activities of the authority over the previous year.

Chairman's forward

2.145 The Chairman, Mr Stuart Richey AM, highlighted a number of AMSA's achievements over the reporting period including:

- taking on service delivery responsibilities for the National System for Domestic Commercial Vessel Safety;
- recording lower fatalities than in recent years;
- providing more face-to-face opportunities with staff in regional locations; and
- the emergency response to the grounding of the vessel Solomon Trader and the subsequent oil spill in the Solomon Islands.¹¹⁶

Purpose, strategic challenges and performance

2.146 As Australia's national maritime regulatory body, the purpose of AMSA is to:

...promote the safety and protection of our marine environment and combat ship-sourced pollution. We provide the infrastructure for safety of navigation in Australian waters, and maintain a national search and rescue service for the maritime and aviation sectors.¹¹⁷

2.147 The authority identifies four strategic challenges:

- managing risks to safety and the environment;

115 Civil Aviation Safety Authority, *Annual Report 2018–19*, p. 20.

116 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 4–5.

117 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. vi.

- delivering, implementing and enhancing the national system for domestic commercial vessel safety;
- providing incident preparedness and response; and
- ensuring a vibrant and progressive organisation.

2.148 AMSA also identifies a 'strategic enabler': collaborating with the community. This involves working with international organisations and other nations, and partner organisations; developing stakeholder relationships and undertaking community education.¹¹⁸

Strategic challenge 1: Managing risks to safety and the environment

2.149 To manage risks to safety and the environment, AMSA's focus areas are:

- ensuring regulated vessels are operating safely and meeting standards;
- preventing pollution from shipping;
- supporting safe navigation;
- contributing to and implementing international conventions; and
- ensuring seafarer competency and welfare.¹¹⁹

2.150 With regard to its regulatory performance under this focus area, AMSA fell short of its target for National System customer service. The agency received a satisfaction rating of 85 per cent, just short of its target of 90 per cent. AMSA received an average of 4.1 out of six in its online customer service survey and achieved a read rate of 39 per cent for its email campaign. Both of these were improvements on the previous reporting period.¹²⁰

2.151 Capability projects under this strategic challenge included the development of high level business requirements for integrated response operations, the progressive implementation of AMSA's *Operating Environment 2017–2027* plan and the development of a modelling tool to predict drift trajectories of large ships and oil slicks.¹²¹

Strategic challenge 2: Delivering, implementing and enhancing the national system for domestic commercial vessel safety

2.152 Under this focus area AMSA worked towards ensuring the effective delivery of the national system for domestic commercial vessel safety.

118 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. vii.

119 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 56–61.

120 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. 62.

121 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. 63.

2.153 The primary capability project under this strategic challenge was the effective implementation of the National System Transition program. AMSA reportedly met their target of transitioning the system with no gaps in delivery to industry.¹²²

Strategic challenge 3: Delivering incident preparedness and response

2.154 Under this strategic challenge, AMSA focussed on search and rescue, and delivering effective marine pollution response capability. In the reporting period, AMSA helped rescue a total of 190 people. AMSA has the capacity to respond to up to 8,500 incidents and conduct 740 searches each year. During the reporting period, it took an average of 24 minutes for its Rescue Coordination Centre to initiate a response.¹²³

Strategic challenge 4: Ensuring a vibrant and progressive organisation

2.155 Under this strategic challenge AMSA explored ways to integrate their 24/7 operations to provide greater efficiency. This includes the effective collaboration between AMSA Operations and the AMSA Response Centre in incident triage processes and initial assessment of vessel incident reporting.¹²⁴

2.156 AMSA has also continued to deliver against programs identified in the *2018–22 Technology* roadmap. This saw the implementation of a new HR system and the transition to a new outsource partner.¹²⁵

Strategic enabler: Collaborating with our community

2.157 AMSA assessed that it had satisfactorily progressed issues either sponsored directly or supported by Australia at the International Maritime Organization (IMO), the International Civil Aviation Organization (ICAO) and at the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA).¹²⁶

Case studies

2.158 AMSA's annual report provides a number of case studies that highlight a range of strategic challenges.

2.159 AMSA's contribution to safe seas included national system service delivery, joint vessel inspections with the Northern Territory Police Force, restoring the Cape Wickham Lighthouse and assuring safe navigation following cyclone damage in Queensland and Western Australia.¹²⁷

2.160 On 1 July 2018, AMSA assumed responsibility for delivering national system services. This includes inspection and enforcement, administering certificates and maintaining existing functions. During the reporting period AMSA conducted more

122 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. 64.

123 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 65–66.

124 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. 67.

125 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. 68.

126 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. 69.

127 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 20–27.

than 5,000 inspections and delivered more than 20,000 certificates and permissions for seafarers, vessels and operators. Overall, AMSA estimates that reducing the administrative burden for operators has saved \$1.8 million.¹²⁸

2.161 As part of its 'clean seas' initiatives, AMSA highlighted a number of initiatives including the reduction in maximum sulphur content in fuel oil and using drones to locate debris from the *YM Efficiency*. From 1 January 2020, the maximum sulphur content allowed in fuel oil reduced from 3.5 per cent to 0.5 per cent. AMSA has actively worked with the IMO to develop the new regulations and support compliance.¹²⁹

2.162 During the reporting period AMSA responded to a number of notable incidents including a rescue in the Southern Ocean, a missing ultra-light aircraft in Burketown, an overdue banana boat in Papua New Guinea and a helicopter crash in the Northern Territory. Each of these examples saw AMSA work with local and international authorities to respond to life-endangering situations.¹³⁰

Financial information

2.163 AMSA recorded an operating deficit of \$20.5 million compared to a surplus of \$8.4 million in the previous reporting period. The decrease of \$28.9 million is mostly attributable to a one-off exceptional provision of \$27.1 million towards the clean-up operations for a pollution incident. Excluding the exceptional provision, AMSA had an operating surplus of \$6.6 million.¹³¹

2.164 The authority recorded revenue of \$234.9 million, comprising:

- 52.9 per cent derived from levies;
- 32.6 per cent from Australian government appropriations; and
- 14.5 per cent from sale of goods, rendering of services, interest received and other revenue.¹³²

2.165 AMSA explained that the majority of its levy revenue is derived from bulk cargo vessels. This vessel classification accounted for approximately 79.6 per cent of net tonnage volumes, with iron ore and coal contributing 63.2 per cent.¹³³

2.166 Other financial details include:

- operating expenses of \$255.7 million. This is an increase of \$54.4 million compared to the total of \$201.3 million for 2017–18;

128 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 20–21.

129 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 30–33.

130 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 38–42.

131 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. 6.

132 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 7–8.

133 Australian Maritime Safety Authority, *Annual Report 2018–19*, p. 8.

- employee benefits increased by \$5.9 million due to an increase in the number of employees for delivery of the national system; and
- a cash position of \$19.8 million, backed by investments of \$90 million.¹³⁴

Committee comments

2.167 As was the case in the 2017–18 report,¹³⁵ the Committee holds the view that the annual report does not easily allow for an overall assessment of AMSA's performance. The authority's case studies, used to illustrate its performance, straddle multiple strategic challenges and are assessed under multiple strategic goals and measures. For this reason, it is difficult to understand and assess the full scope of AMSA's work. Further, the case studies are separated from the detailed performance measures, even though there is significant cross-referencing between the two sections.

2.168 The Committee encourages AMSA to provide a clearer and more comprehensive overview of its programs and measurable achievements in future reports.

2.169 The Committee considers the AMSA report to be apparently compliant with reporting requirements.

Senator Susan McDonald

Chair

134 Australian Maritime Safety Authority, *Annual Report 2018–19*, pp. 8–9.

135 Senate Rural and Regional Affairs and Transport Legislation Committee, *Annual Reports (No. 1 of 2019)*, p. 37.